

A man in a dark suit and tie is looking down at a smartphone he is holding. The background is a composite image featuring a city skyline at night, overlaid with a blue-toned line graph and various numerical data points. The overall aesthetic is high-tech and financial.

# THE TRADE Outsourced Trading Survey

In partnership with:



**ERGO**  
CONSULTANCY

The inaugural Outsourced Trading survey was born out of a desire to dig deep into one of the most prevalent themes among the buy-side in recent years, gain insights into the service provision they receive, and where they feel the direction of travel is for this burgeoning space.

Over 200 asset managers, hedge funds and other users of outsourced trading providers had their say, in this first-of-its-kind piece of research and there are countless takeaways – some expected and others which may surprise you.

Through a combination of questions about the industry, ratings for areas of service provision and the opportunity to provide written feedback (both for clients and providers) we now have a view of where the industry stands as we near the end of 2023. Not to look too far ahead, we eagerly anticipate the opportunity to build on this year’s research in 2024 so we can draw even more comparisons about how the industry is

# The future is as bright as the present

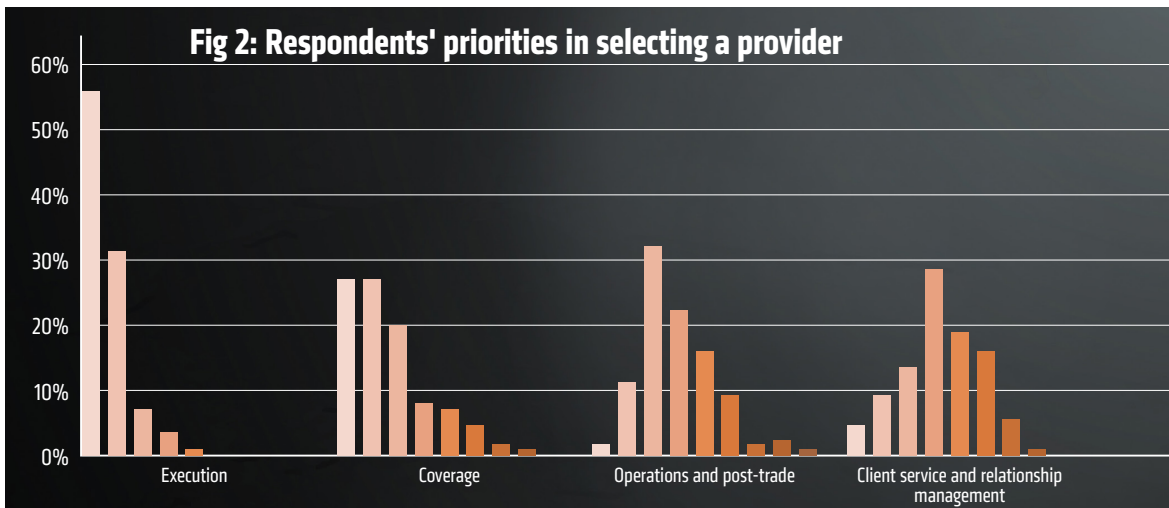
Service providers are very highly thought of by their outsourced trading clients as it seems the pandemic ushered in a new era of appreciation and uptake of the external function. This inaugural survey reveals the motivations behind outsourcing, customer sentiment and where improvements can be made, if any, to increase satisfaction.

changing year-to-year.

Overall, 14 providers received enough responses for analysis. We have been in contact with the

prominent players who did not actively participate in this year’s survey, and we hope to see some of those featured in 2024. The

**Fig 2: Respondents' priorities in selecting a provider**



most responses were received by UBS, Vontobel and Northern Trust. For those who just met the threshold, we do point out in the write-ups that the sample sizes are relatively small, and we expect to raise this bar for inclusion next year.

Responses came from across the world but the top three locations were the US, followed by Switzerland and the UK. Just over a third of respondents were asset managers, followed closely by hedge funds, while asset owners accounted for around 5%. Those who described themselves as ‘Other’ consisted largely of private banks, wealth managers and other types of ‘platforms’.

To cut straight to the point when it comes to client perception, clients of the outsourced trading firms who received responses are very, very happy with the service they receive (see Figure 1 above). The overall average of the survey on a 10-point scale was 8.98, a score which would look stellar on any review for a service, goods or restaurant you might be considering for an evening meal.

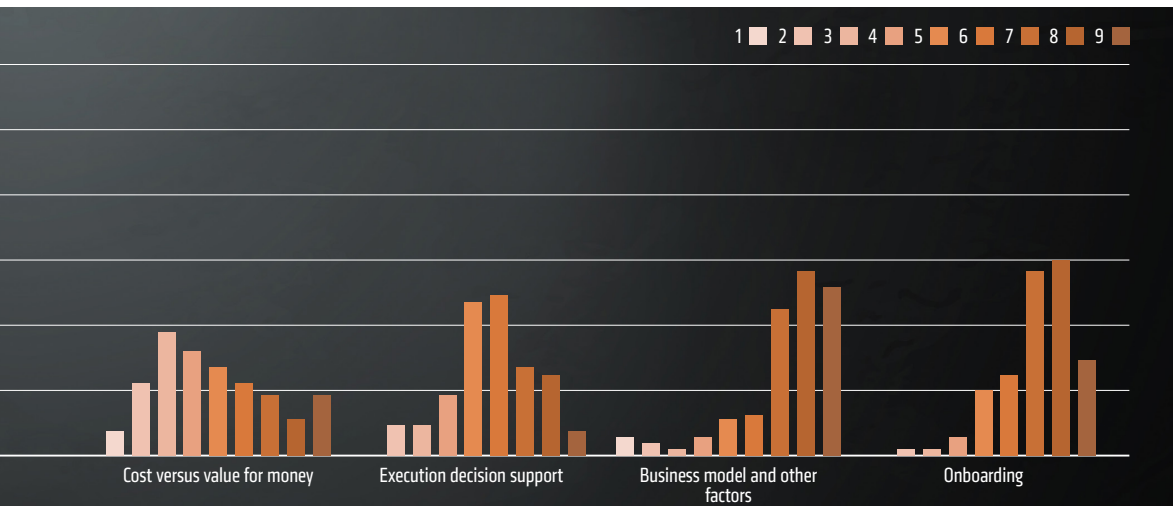
Fig 1:	Survey average
Coverage	9.13
Execution	9.31
Operations and post-trade	9.04
Client service and relationship management	9.33
Execution decision support	8.84
Onboarding	8.63
Business model and other factors	8.81
Cost versus value for money	8.78
<b>OVERALL</b>	<b>8.98</b>

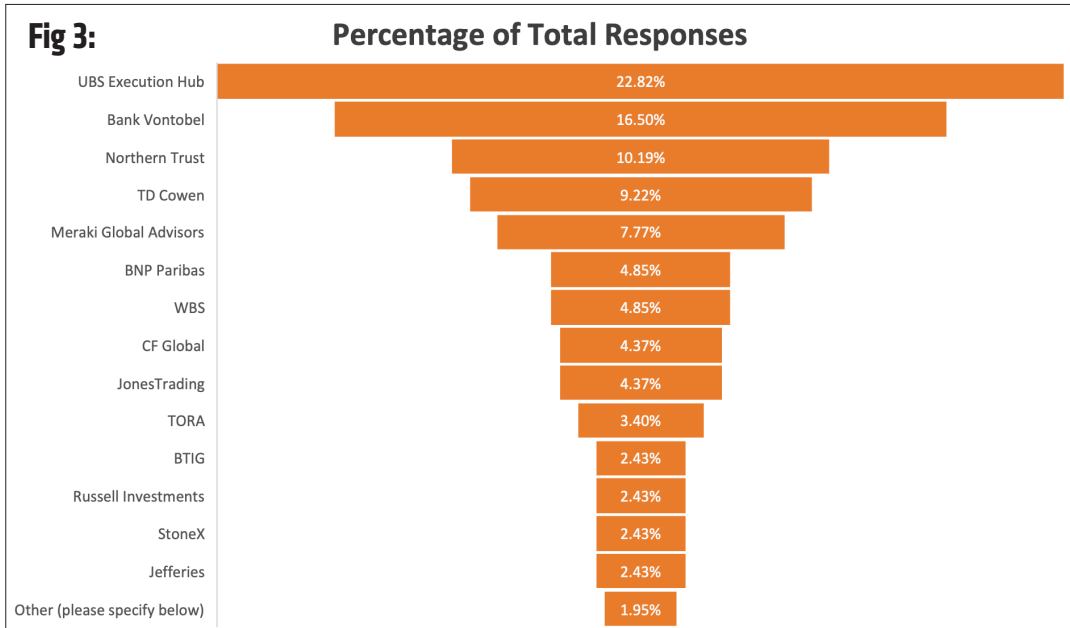
The overall sentiment of service provision shows that those who have outsourced trading – 42% fully outsource and 49% co-source – believe they are receiving an excellent service, though there are plenty of takeaways about expectations and desired areas of improvement.

The highest scores by category were for Client Service and Relationship Management, Execution and Coverage – which interestingly were ranked as the most critical areas of service provision (though in reverse). What this tells us - to be succinct

- is that providers are delivering the best services in the most critical areas for their clients.

To discover this, we asked respondents to rank the most important areas of service provision (see Figure 2) and Execution and Coverage were ranked first in 86% of answers and ranked second in 59% of the responses. Client Service and Relationship Management, and Operations and Post-Trade, and Cost Versus Value for Money came in next, while perhaps surprisingly, Execution Decision Support was fairly low in the priority order.





Another thing we discovered from the research was that IPO Process and Allocations were very low on the list and, in fact, didn't receive as many ratings (due to being non-applicable for many respondents) as we had hoped. Therefore, despite asking respondents for their views on this, we did not include it in the final calculation and write-up. We will evaluate this category and consider how best to move forward with it next year.

We concluded that four of the major areas of the survey were indeed Coverage, Execution, Operations and Post-Trade and Client Service and Relationship Management and put particular emphasis on these areas when writing up the analysis of each provider's results.

It's worth noting that around 5% of respondents felt some improvements should be made by their providers around asset class coverage or global

trading locations, and the same percentage had negative sentiment around quality of broker panel, execution quality or anonymity/disclosure of order flow when it came to marking Execution. There were a few more grumbles about trade matching and settlement under the category of Operations and Post-Trade, while under Client Service and Relationship Management, 99% of respondents seemed very happy with their daily front-office interaction, though a little less pleased with back-office contact (however, overall it doesn't seem to be a widespread issue). The highest level of negativity around a factor was execution advice, consultancy & education under the category of Execution Decision Support.

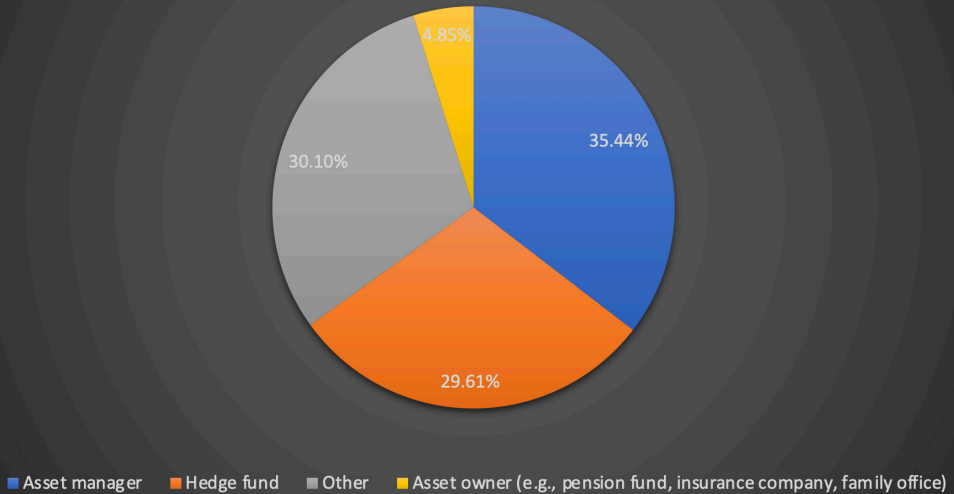
When looking at other pieces of research on the outsourced trading space, we found that most asked a general buy-side

audience (users and non-users of the outsourced trading) why they would use the service. This survey differs in that we are only assessing the views of those who have made the decision to outsource. Therefore, the problems that respondents were looking to solve through outsourced trading make for some interesting reading (see Figure 5): solving operational inefficiency came in top, while pursuing growth while controlling costs, and regulatory change and compliance challenges made up the top three reasons. Respondents were able to select any that applied, and around a quarter also selected technology limitations, talent concerns and rising costs as reasons for the decision to outsource.

In the area for written comments under this section, many respondents also added coverage of global trading hours,

**Fig 4:**

**Type of Firm**



which – had it been in the overall list – may also have received a lot of votes. Others added ‘access to expertise’ and ‘risk management/contingency solution’.

An area we also wanted to explore was which service models respondents are using, and the results showed that the

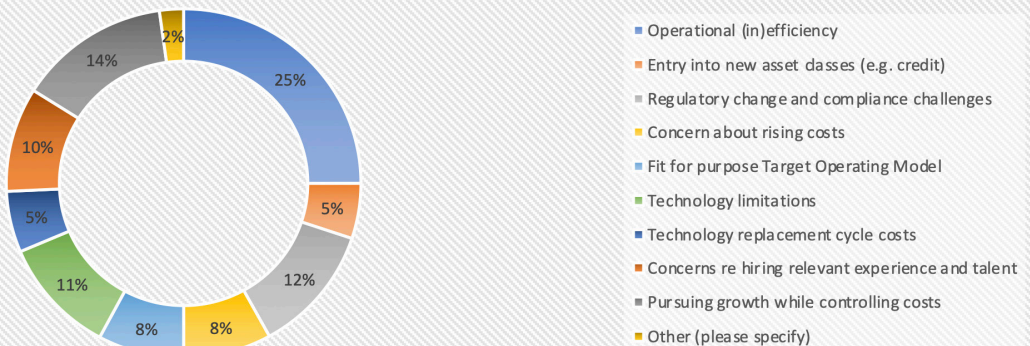
majority use a combination. For those that use one model, the most common was Anonymous Agency/Matched Principal (client not disclosed to counterparty), followed by Disclosed Agency/Matched Principal (client name disclosed to counterparty). Only nine

respondents said they use Agency/Matched Principal (client name sometimes disclosed) while 30 said they use receipt and transmission orders (RTO).

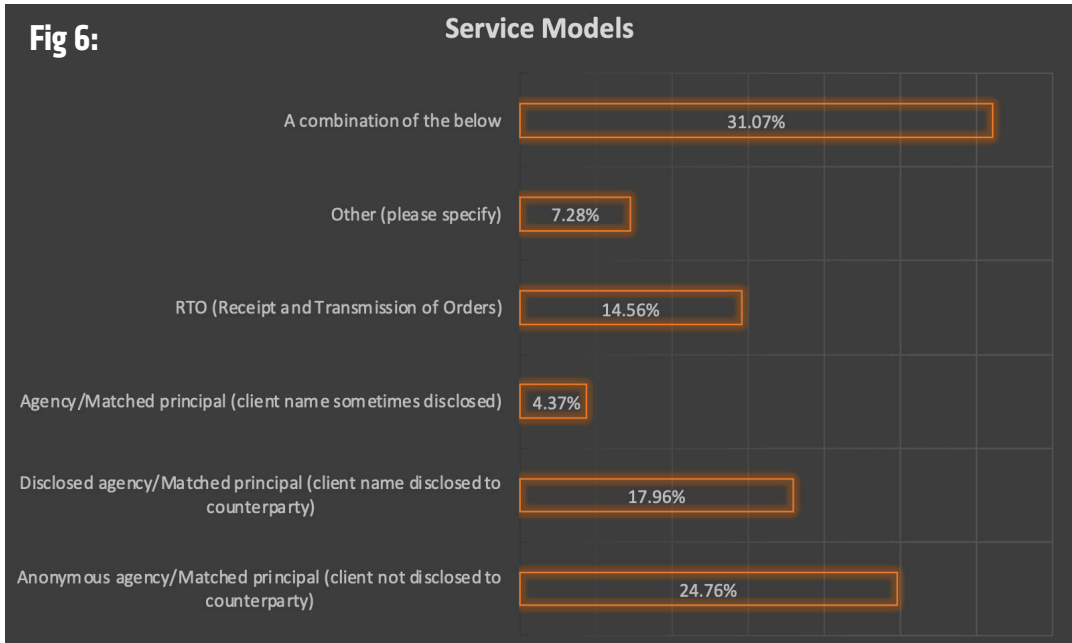
We thought it would be interesting to ask participants if they have ever considered

**Fig 5:**

**Outsourcing objectives**







changing provider and 17% said yes (see Figure 8), though we did not ask those to elaborate any further – perhaps we’ll dig a bit

deeper into that next year. Overall, we can conclude that scores were incredibly high across the survey, and while it is

not a direct comparison, these scores are higher than general results from The TRADE and Global Custodian’s other surveys

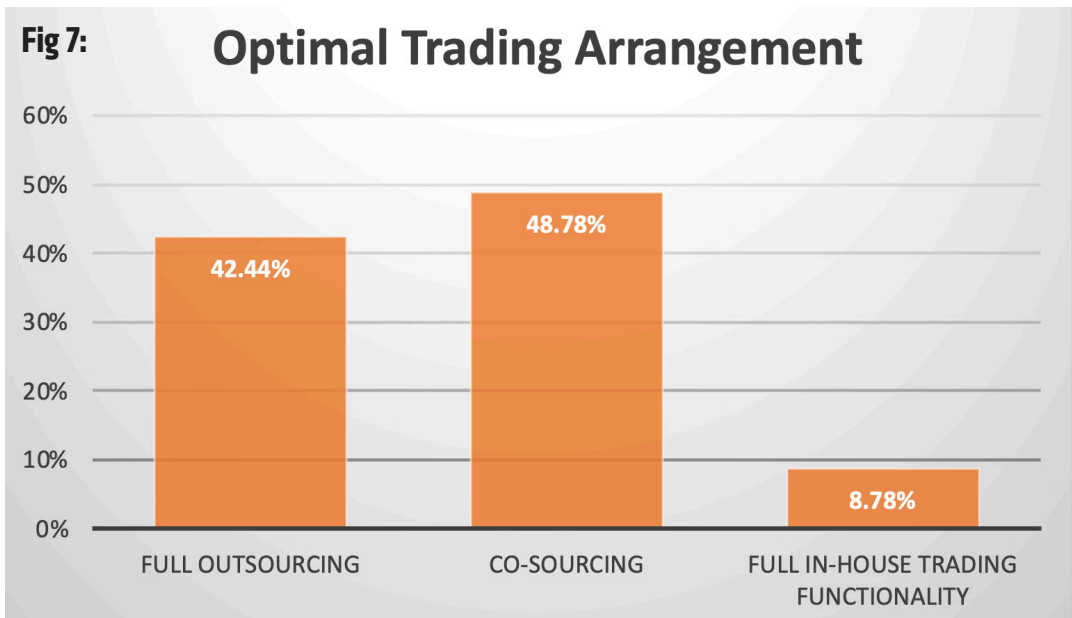
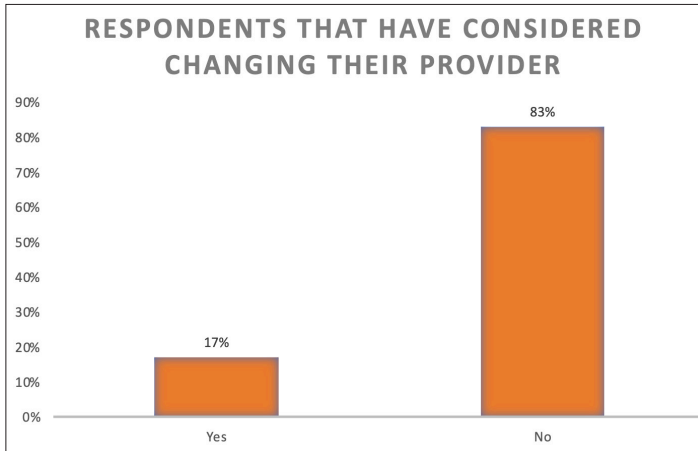


Fig 8:



– whether it be on algorithmic trading and EMS, or custody and fund services.

Going forward there are numerous drivers for a further uptick in the number of firms outsourcing trading, from cost pressures and talent issues, to regulation and market structure changes like T+1. This trend is

evidently not region-specific, nor confined to a specific profile of investment manager. From the provider questionnaires, outsourced trading providers anticipate more uptake of their services in the future as many look to expand locations and asset classes, while preparing for large investment managers to

start considering co-sourcing in the near future.

We would like to thank all of this year's respondents and service providers for their input into this year's survey, and our partners in this project Ergo Consultancy, with whom we created the questionnaire and categories alongside, and who were integral in communication around the project and with providers throughout the running of the research.

The written responses we received from respondents – most were very positive – enabled us to add much more colour to the write-ups in this year's survey, so we also want to add how much we appreciate respondents going into more detail about their feedback, while the commentary from providers was also invaluable and has helped us shape both the survey and accompanying feature for this piece of research.

### Methodology

This inaugural Outsourced Trading survey, conducted jointly by The TRADE and Global Custodian in consultation with Ergo Consultancy, set out to gather and collate client perceptions of outsourced trading providers about the service they are receiving.

Service providers were invited to ask their clients to complete a questionnaire via an anonymous link, which was also made available to readers of The TRADE and Global Custodian. In addition to gathering qualifying information, the questionnaire asked participants to rate the service received across nine service categories on a scale of one to 10. These scores were then aggregated for the provider tables on the pages that follow.

During the validation process, we withdrew one of these categories – IPO Process and Allocations – as the inability to skip a category in the survey meant that non-users of this service were compelled to enter a haphazard and therefore

unreliable rating. This oversight will be corrected in our 2024 survey.

In addition to the ratings themselves, two other factors informed the write-ups that accompany the charts and tables on the following pages: respondents were asked to rank in order of priority their considerations in selecting an outsourced trading provider; and providers themselves were asked to complete a separate provider questionnaire, covering the shape of their business and any recent developments they thought we should take into consideration.

We thank all clients and providers who took part in the exercise and would welcome feedback, which will be taken into account in formulating the 2024 survey. Please email: [OTsurvey@thetradenews.com](mailto:OTsurvey@thetradenews.com).

More granular information on the survey results is available by arrangement. For all enquiries, please contact: [daljit.sokhi@globalcustodian.com](mailto:daljit.sokhi@globalcustodian.com).

# Bank Vontobel AG

Vontobel received the second highest number of responses in this year's survey - mostly based in Switzerland or Europe - and its scores are impressive across the board, beating the survey average by double-digit basis points in every category. Responses came from asset managers and private banks, the majority of which use the Anonymous Agency/Matched Principal model.

Vontobel's overall score exceeded the survey average by 34 basis points and within the scores there were some standout results, in particular for Execution, Operations and Post-Trade, Client Service and Relationship Management, and Execution Decision Support.

Comments were as positive as the scores with the word "excellent" noted on multiple occasions. "Very good for listed equities and liquid bonds," says one client, while another says, "quick pick up of trades and fast execution".

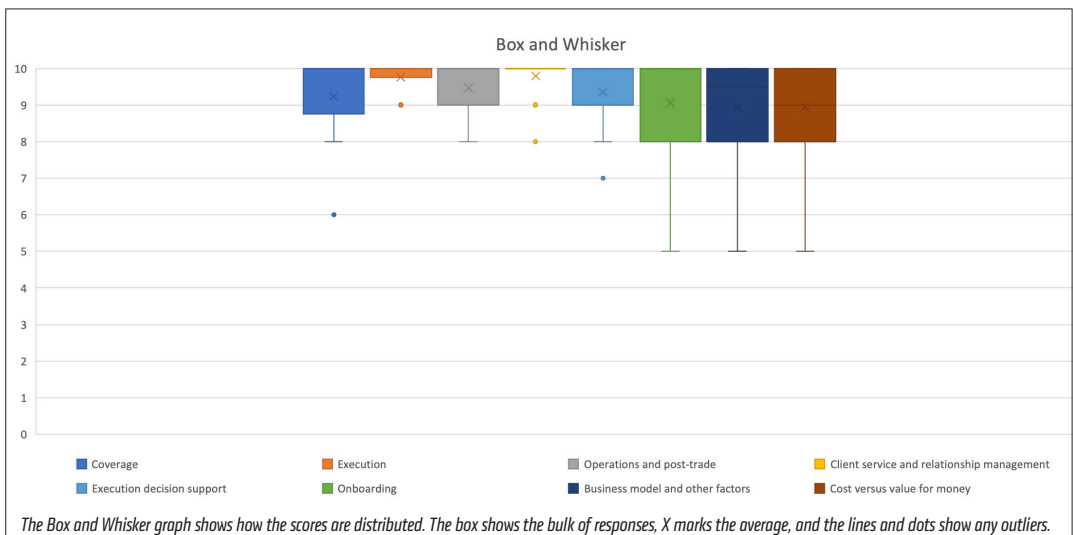
Bank Vontobel AG	Score	Survey average	Difference
Coverage	9.24	9.13	0.11
Execution	9.76	9.31	0.45
Operations and post-trade	9.47	9.04	0.43
Client service and relationship management	9.79	9.33	0.46
Execution decision support	9.35	8.84	0.51
Onboarding	9.06	8.63	0.43
Business model and other factors	8.94	8.81	0.13
Cost versus value for money	8.94	8.78	0.16
<b>OVERALL</b>	<b>9.32</b>	<b>8.98</b>	<b>0.34</b>

The Execution score is a standout for Vontobel, with its clients also ranking it as the most important factor in selecting a provider - differing from the survey consensus which placed Coverage at the top. More than three-quarters of its clients marked Vontobel as 10.00 in this field. Execution Support also came in at 51 basis points over the survey benchmark.

Client Service and Relationship

Management also exceeded the survey average by some way (+0.46) with one client noting "Impressed with the comprehensive relationship overview from front-to-back and of by the relevant and crisp communication channels".

There were a couple of comments regarding areas for improvement, both with similar themes: "Time zone coverage expansion and expanding executable markets,"



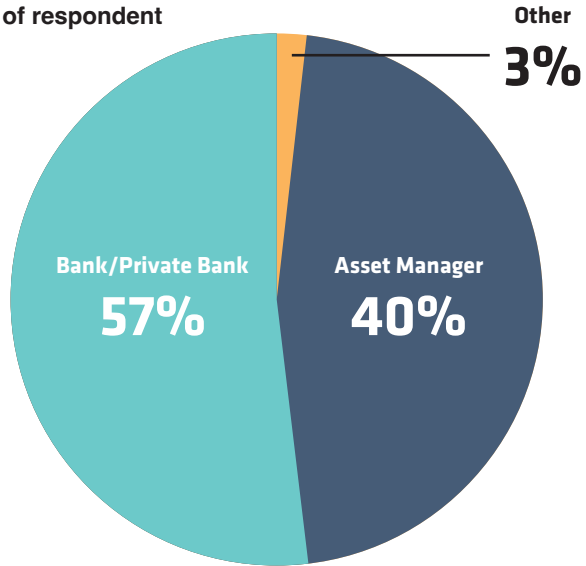


says one client, while another notes, “Excellent in Europe time zone. Would benefit from Asia and US additional coverage.”

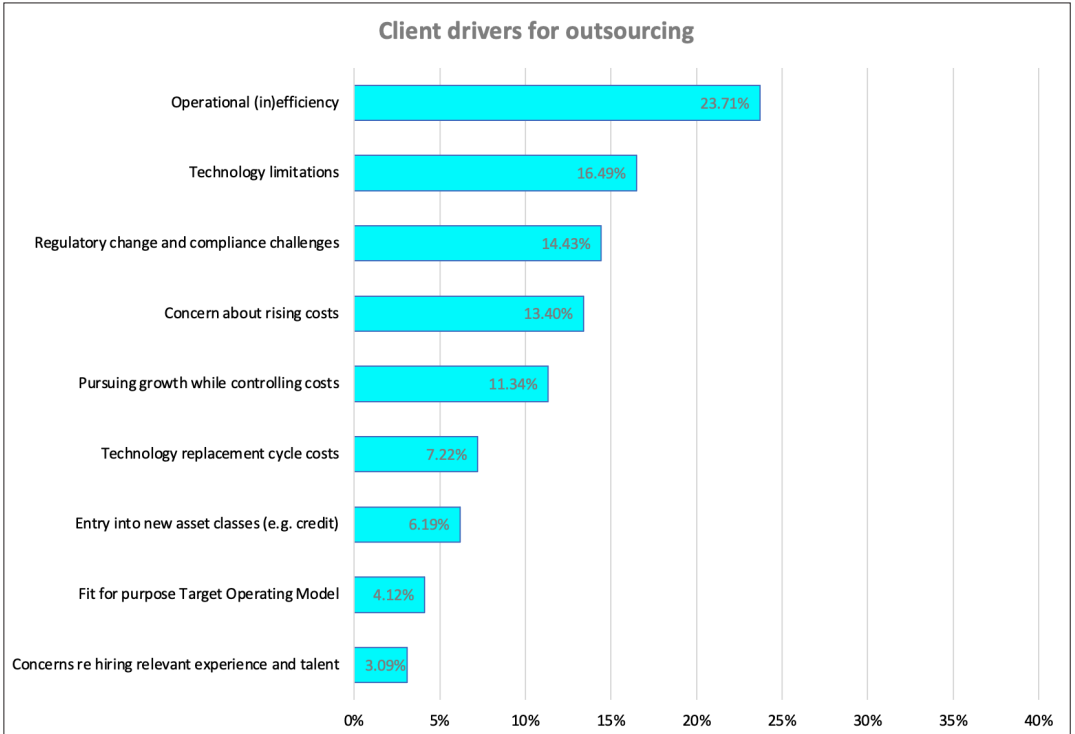
There were some mixed reviews under Cost Versus Value For Money – which is expected with such a large response pool – but the firm still comes in above the survey average. One client notes: “Not the most competitive, but offers good value for money considering whole value chain.”

The majority of Vontobel’s clients fall under the \$5 billion in AUM mark, but evidently, those who filled in this year’s survey are astonishingly happy with the service they are receiving.

**Type of respondent**



**Client drivers for outsourcing**



*This chart gives a view of the reasons clients of this provider chose to outsource in the first place.*

# BNP Paribas

BNP Paribas is a mainstay of Global Custodian’s Agent Banks Surveys and The TRADE’s Algorithmic Trading Surveys (through Exane) so it is no surprise to see the bank feature prominently in this survey - and clients are evidently pleased with the service as the bank just edges above average in this year’s results.

The unit sits within the securities services division with an exclusive mandate to serve the buy-side clients of the wider bank through an open-architecture/multi-broker platform.

A busy 12 months has seen a number of developments within the business, with three standout milestones: the development of a Matched Principal model allowing clients to trade directly with BNP as their counterparty; the onboarding

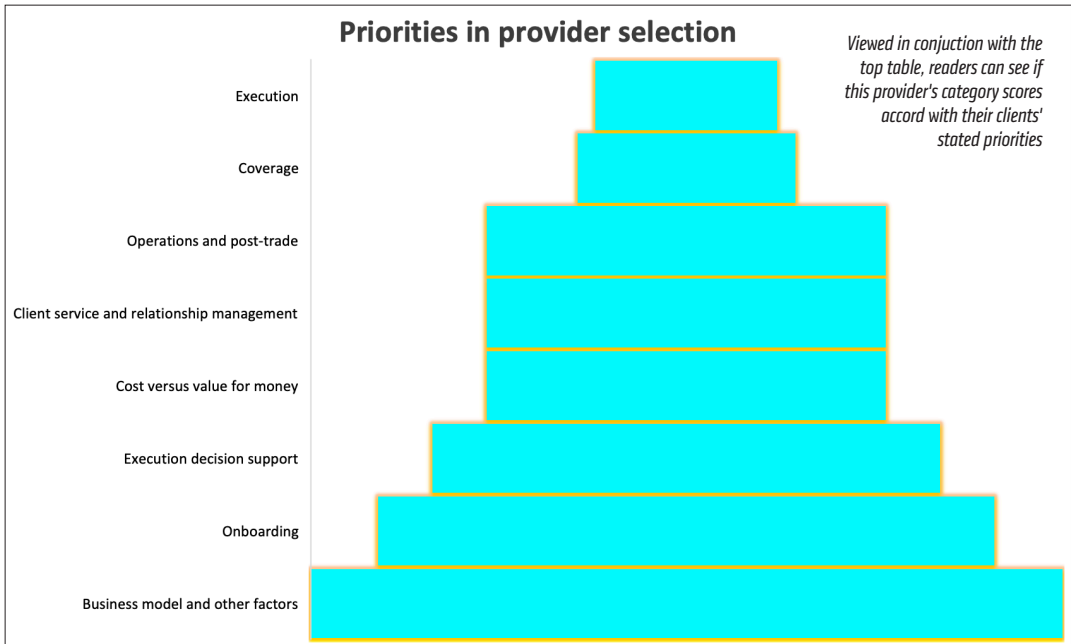
BNP Paribas	Score	Survey average	Difference
Coverage	9.00	9.13	-0.13
Execution	9.30	9.31	-0.01
Operations and post-trade	9.00	9.04	-0.04
Client service and relationship management	9.20	9.33	-0.13
Execution decision support	8.80	8.84	-0.04
Onboarding	8.70	8.63	0.07
Business model and other factors	9.00	8.81	0.19
Cost versus value for money	8.90	8.78	0.12
<b>OVERALL</b>	<b>8.99</b>	<b>8.98</b>	<b>0.01</b>

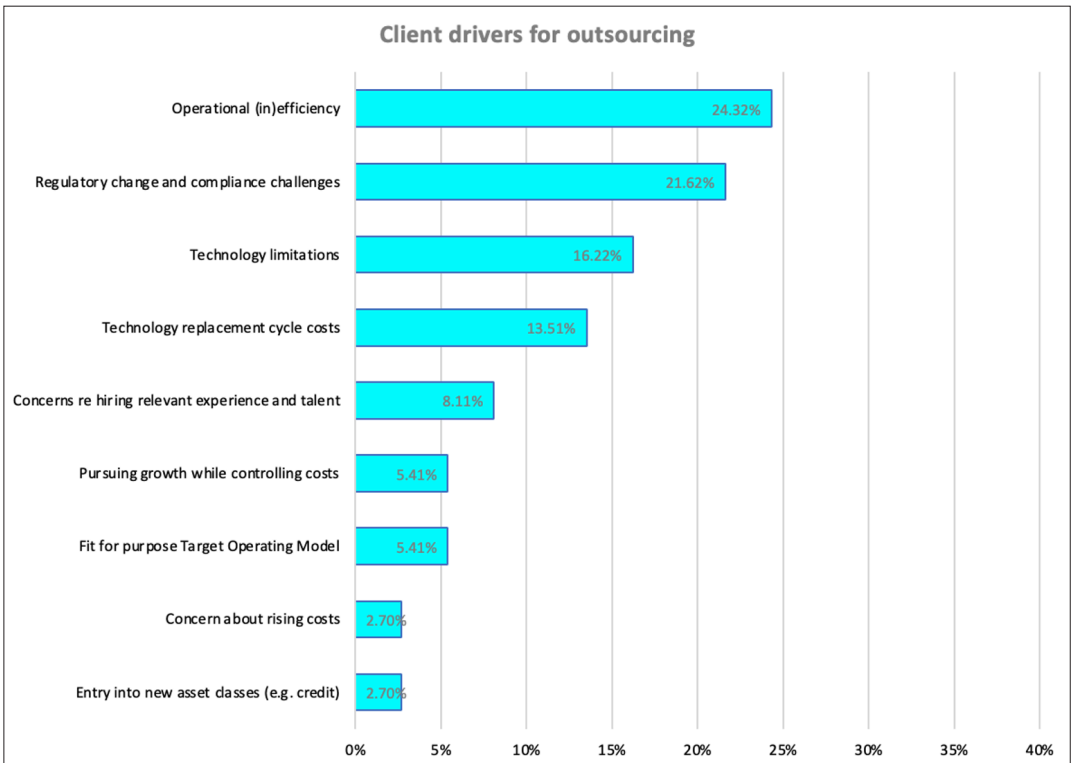
of its first outsourced trading client using BlackRock’s Aladdin as Portfolio Management System; and the extension of its offering to Asia Pacific.

The bank cites a “significant increase of commercial opportunities” over the same time period as buy-side clients are facing

cost pressures, while they also look to focus on their core business and continue to embrace the notion of outsourcing a specific market, asset class or “situation”.

The bank’s clients in this survey consist of a range of asset managers, asset owners and one of each from the worlds of insurance, wealth





*This chart gives a view of the reasons clients of this provider chose to outsource in the first place.*

management and private banking. The majority take up the RTO service (Receipt and Transmission of Orders) from BNP Paribas, though the bank also offers Anonymous Agency/Matched Principal – as mentioned above.

BNP Paribas exceeds the survey average in three areas: Onboarding, Business Model and Other Factors, and Cost Versus Value For Money.

The other categories fall marginally below the global average, Execution by one basis point for example, and in four of the five categories that are below the benchmark, BNP Paribas still scores 9.00 or above – which represents

high praise from its clients.

Despite coming in just under the survey average for Coverage (which was exceptionally high across the board), respondents were very positive on locations and asset classes offered. “Very good coverage in terms of instruments and markets, which perfectly suit our needs,” says one respondent. Given that Coverage and Execution were consistently cited as the most important factors for respondents when it comes to outsourced trading, BNP Paribas will be pleased to see some of the feedback in these categories. “Strong expertise by an experienced dealing team,” notes

another client.

Clients were extremely keen to provide additional comment on BNP’s services with the most common feedback around good communication, a dedicated service and good coverage in terms of instruments and markets. Client services and relationship management teams were highly praised, in what seems to be a frequent takeaway from this entire survey, while the only grumbles were around expanding coverage to local brokers (not just international), annual reviews and improving communications with the wider business.

# BTIG

BTIG were one of a few firms to just about hit this year's threshold of responses and earned a varied set of results. However, some of the praise delivered in written format from clients will please the provider. "BTIG is a world-class, first-rate, best outsourced trading provider (organisation) I have partnered with in my 25+ years working in this industry," said one happy client. Others described BTIG as "excellent", while Kevin Connors and Austin Renk are namechecked as "experienced, knowledgeable, and outstanding traders in general".

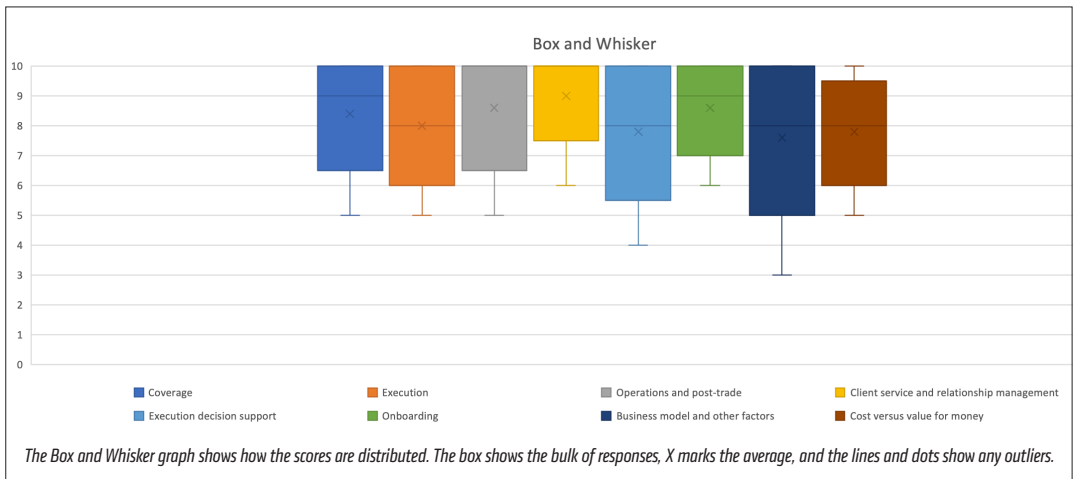
Outside of the gushing client comments, the scores do fall below the survey average in every category, with Coverage and Execution 73bps and 131bps off the benchmark for this year's research. Though at 8.40 and 8.00, respectively, out of 10.00 – these would still be deemed good service scores by most measures of client appreciation. It appears one client

BTIG	Score	Survey average	Difference
Coverage	8.40	9.13	-0.73
Execution	8.00	9.31	-1.31
Operations and post-trade	8.60	9.04	-0.44
Client service and relationship management	9.00	9.33	-0.33
Execution decision support	7.80	8.84	-1.04
Onboarding	8.60	8.63	-0.03
Business model and other factors	7.60	8.81	-1.21
Cost versus value for money	7.80	8.78	-0.98
<b>OVERALL</b>	<b>8.23</b>	<b>8.98</b>	<b>-0.75</b>

wasn't overly happy with Asset Class Coverage, with another negatively marking Operations and Post-Trade due to Trade Matching. Given the relatively small response sample for BTIG, such individual assessments can make a noticeable impact on average scores.

BTIG's respondents were a mix of hedge funds and asset managers across the UK and US, which it counts among its approximately 100-strong client base. In a recent

press release BTIG stated it has more than 30 dedicated traders, supported by a team of operations professionals and in addition to execution services, its Outsource Trading team offers access to capital introduction, prime brokerage, research and commission management which help clients meet their business objectives.



# Did you know The TRADE is a climate neutral magazine?



Each copy is printed using 100%  
offshore wind electricity and  
vegetable oil based inks.



**Climate neutral**

Print product

[ClimatePartner.com/13766-2103-1013](https://ClimatePartner.com/13766-2103-1013)



**MIX**  
Paper from  
responsible sources  
**FSC® C001785**

For more information please contact [subs@thetradenews.com](mailto:subs@thetradenews.com)

# CF Global Trading

CF Global has had a whirlwind year with news of its landmark acquisition by State Street, a move multiple providers depict as a major development in the outsourced trading space. The deal – first reported by The TRADE in February and confirmed by both parties in March – is expected to be completed by the end of 2023 and represents yet another sign that outsourced trading is a flourishing sector for the largest service providers in the market.

Once completed, the deal will give State Street access to CF Global’s extensive relationships in the space as a segregated outsourced trading entity. State Street currently offers outsourced trading in the Americas, APAC and Middle East and CF Global will extend this remit to the UK and Europe.

CF Global highlights that the acquisition preserves its non-conflicted status as the acquirer is a

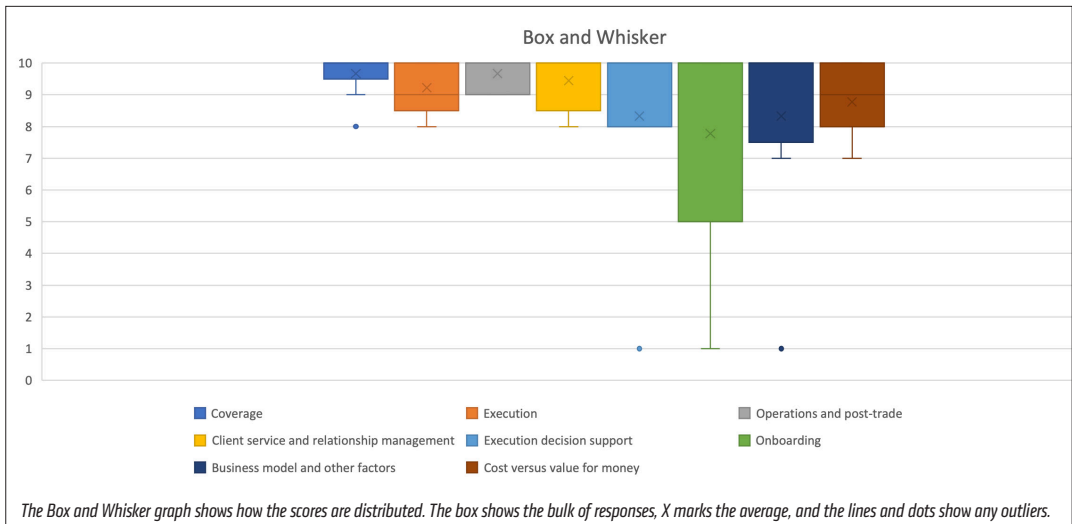
CF Global Trading	Score	Survey average	Difference
Coverage	9.67	9.13	0.54
Execution	9.22	9.31	-0.09
Operations and post-trade	9.67	9.04	0.63
Client service and relationship management	9.44	9.33	0.11
Execution decision support	8.33	8.84	-0.51
Onboarding	7.78	8.63	-0.85
Business model and other factors	8.33	8.81	-0.48
Cost versus value for money	8.78	8.78	0.00
<b>OVERALL</b>	<b>8.90</b>	<b>8.98</b>	<b>-0.08</b>

custodian trading for clients, not an investment bank. “We will continue to differentiate for institutional asset managers by providing comprehensive market colour, non-conflicted execution as buy-side via our broad network, effective ‘downstream’ service, and support for best execution,” the firm said.

CF Global has an interesting spread of clients by size, with a handful of extremely large

investment managers (over \$100 billion) along with a significant portion of mid-tier asset managers and hedge funds in the \$5-50 billion range. Like many outsourced trading providers CF Global also services a significant number of clients with under \$5 billion in assets through a full range of service models.

As for its respondents in this survey, they hail from the UK, US







and Asia, and mostly represent asset managers and hedge funds, along with one asset owner.

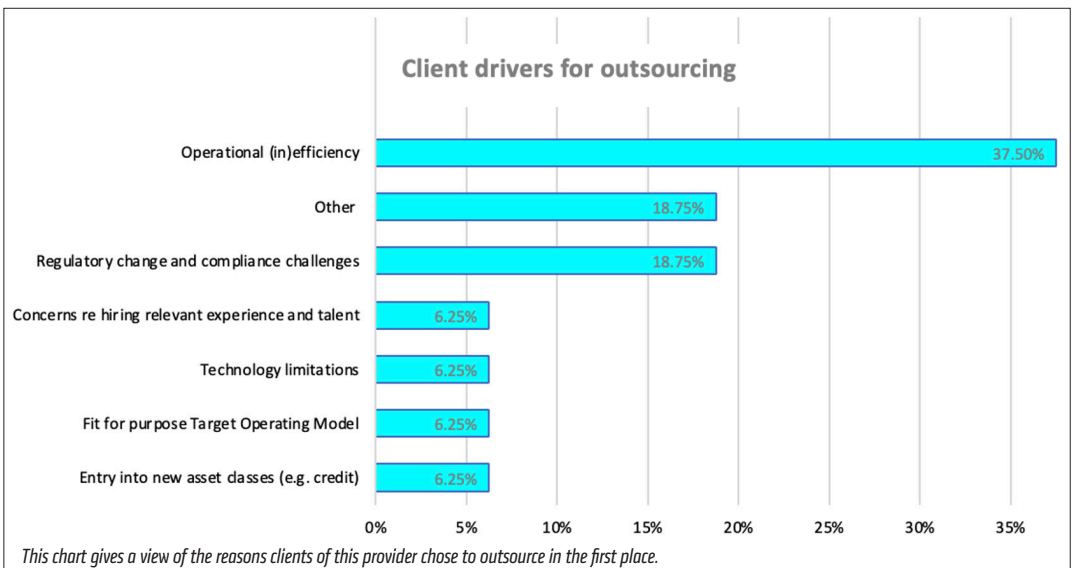
Results are mixed for CF Global in our survey as the provider comes in just below the survey average (-0.08). There are, however, bright spots in some of the most critical

areas of service, most notably in Coverage, where the provider earns a score of 9.67 (54 bps over the industry average). There are also positive reviews for Operations and Post-Trade which gains the same score as Coverage, representing an outperformance of the benchmark

by 0.63. Client Service and Relationship management earns a stellar score at 9.44, while Cost Versus Value for Money is right on the survey average.

A few other areas bring the overall score down: Execution Decision Support, Onboarding, and Business Model and Other Factors. Execution was below the survey average but CF Global’s score was still remarkably high at 9.22 with nobody scoring it below an 8.00.

Additional feedback is not extensive but straight to the point with praise: “Excellent support from experienced team,” says one client, while another notes “well established relationship with dedicated contacts” and another “high touch established relationship with dedicated contacts offering expertise”. The terms “experienced” and “expertise” are repeated.



# Jefferies

Jefferies just hit the threshold for this year’s survey write-up which means that the sample isn’t huge, but those clients that engaged in the research are certainly happy – with the investment banking giant scoring perfect 10.00s in four categories.

Clients were varied, with a mix of asset managers and hedge funds, but all were based in New York. The Jefferies Outsourced Trading Desk has over 120 clients and highlights how the post-pandemic landscape has evolved favourably for outsourced trading providers with a global acceptance beyond the start-up community and from cost dynamics. “Larger funds with existing trading desks are now using more outsourced trading for supplemental overflow and as part of their BCP plans,” Jefferies points out.

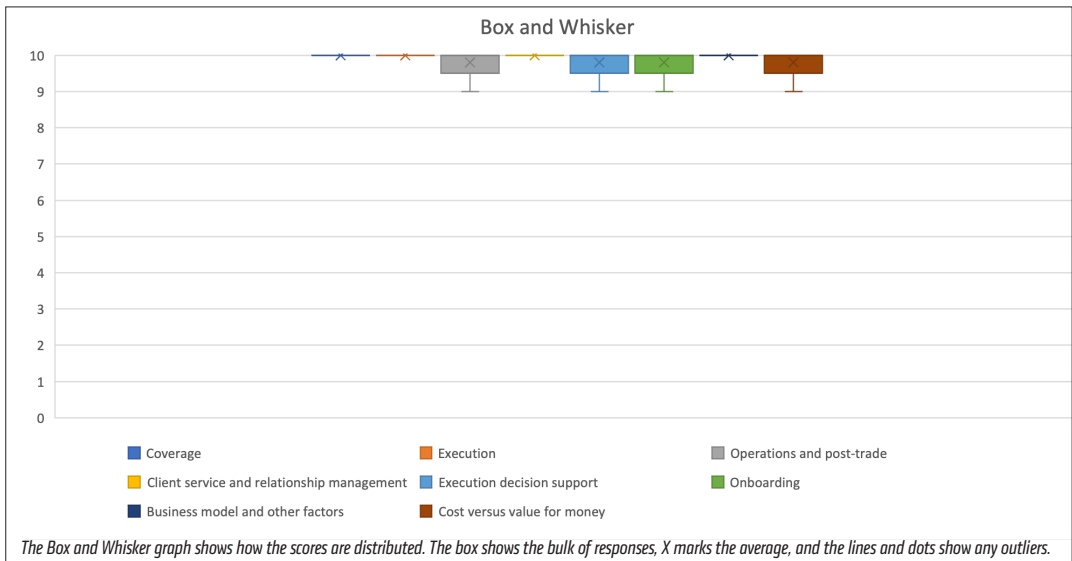
The Jefferies Outsourced Trading Desk has been making moves over

Jefferies	Score	Survey average	Difference
Coverage	10.00	9.13	0.87
Execution	10.00	9.31	0.69
Operations and post-trade	9.80	9.04	0.76
Client service and relationship management	10.00	9.33	0.67
Execution decision support	9.80	8.84	0.96
Onboarding	9.80	8.63	1.17
Business model and other factors	10.00	8.81	1.19
Cost versus value for money	9.80	8.78	1.02
<b>OVERALL</b>	<b>9.90</b>	<b>8.98</b>	<b>0.92</b>

the past year, broadening its swap offering to include ID markets and additional regions, while also increasing swap counterparty coverage across all regions to ensure connectivity to clients ISDA counterparties. The firm has been active in making additional hires in Europe and Asia.

As for its scores, it’s an overwhelmingly positive story from

the clients who responded, with Coverage and Execution among those areas to receive a perfect rating. Meanwhile Client Service and Relationship Management, and Business Model and Other Factors also gain 10.00. The rest of the scores received 9.80 putting Jefferies overall score at 9.90. No additional comments were left by clients.



# JonesTrading

JonesTrading debuted in Global Custodian's Prime Brokerage survey in 2022 with strong results and the firm has achieved a similar feat in the inaugural Outsourced Trading survey. Exceeding the survey average by 24 bps and outperforming in six of the eight individual categories the firm also received positive comments from its clients – a third of which were asset managers and the rest hedge funds.

JonesTrading counts over 130 organisations as outsourced trading clients, the majority under \$5 billion in assets under management. Of those which responded to the survey, all were US-based, spread across the country – from Miami to the West Coast – and they use a combination of models.

The firm has been putting an emphasis on hiring over the past 12 months, adding experienced traders to the team many of whom were formally senior buy-side traders. In addition, JonesTrading has focused on improvements on the trading

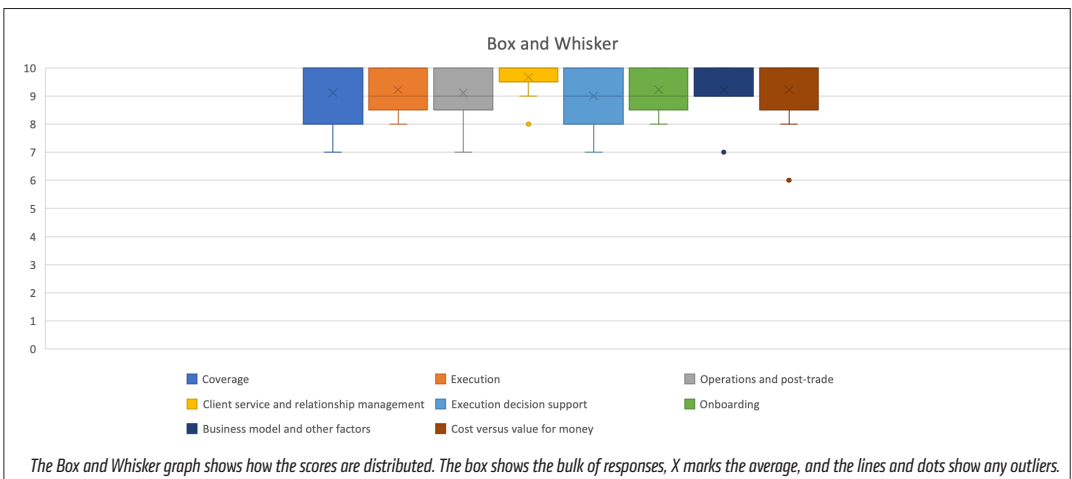
JonesTrading	Score	Survey average	Difference
Coverage	9.11	9.13	-0.02
Execution	9.22	9.31	-0.09
Operations and post-trade	9.11	9.04	0.07
Client service and relationship management	9.67	9.33	0.34
Execution decision support	9.00	8.84	0.16
Onboarding	9.22	8.63	0.59
Business model and other factors	9.22	8.81	0.41
Cost versus value for money	9.22	8.78	0.44
<b>OVERALL</b>	<b>9.22</b>	<b>8.98</b>	<b>0.24</b>

platforms for its outsourced clients, and the execution platforms which it uses - and its executing brokers - to physically execute orders for mutual clients.

As a general theme, the firm notes how there has been continued improvement in the order management platforms across the industry reducing latency and improving efficiencies for entering and routing orders on behalf of clients. “There has also

been continued improvement to the electronic trading venues outsourced trading firms access, improving the quality of execution for our outsourced trading clients,” JonesTrading notes.

As for results, JonesTrading lands at least 9.00 in every category giving it an overall average of 9.22. Comments from clients include superlatives from “excellent” to “fantastic” regarding the team, with one client noting JonesTrading as “very quick, bespoke,



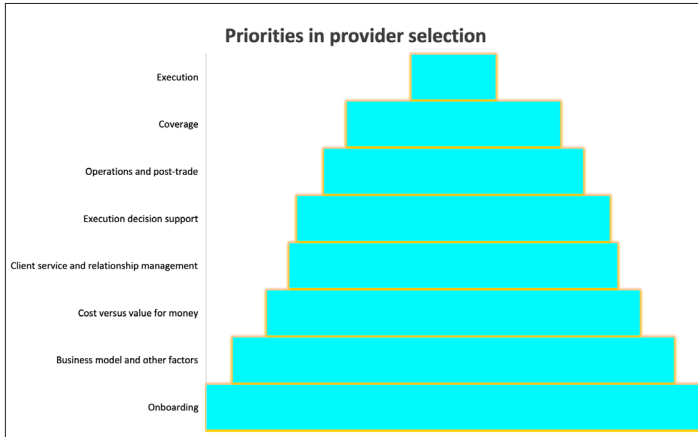
# JonesTrading cont.

highly knowledgeable minute-by-minute availability” regarding Account Management and Client Representation.  
 JonesTrading does fall just shy

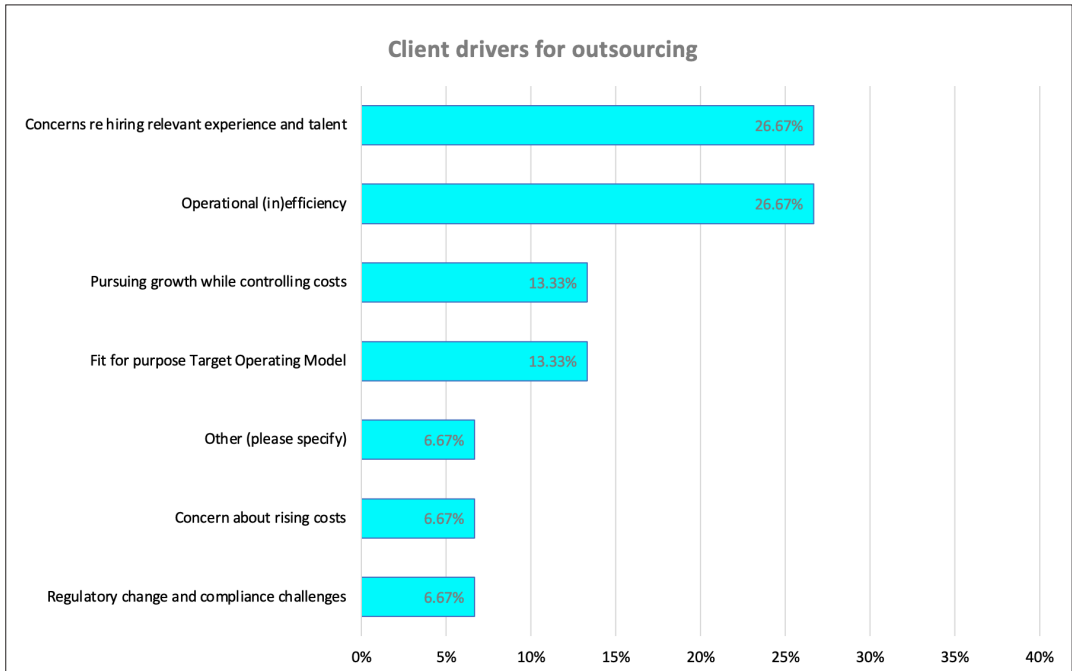
of the survey average in Coverage and Execution, though still scores a positive 9.11 and 9.22 in those categories respectively. Under client comments in Coverage is where

clients laud JonesTrading with one noting “superb coverage of low vol, small cap names”. However, some clients point out that there has been some turnover on the desk with some recent exits of traders. There were very few negative marks or sentiment across all of its scores outside of the notes about turnover.

JonesTrading notes that as the outsourced trading industry has seen such significant growth over the past five years, it's important that all firms are held to some sort of standard and that clients understand what questions they should be asking when engaging a new relationship with an outsourced trading firm. Subsequently, the firm believes rules introduced by US regulator the SEC at the end of last year focused around the due diligence process are “positive for the industry”.



This chart gives a view of the reasons clients of this provider chose to outsource in the first place.



Viewed in conjunction with the top table, readers can see if this provider's category scores accord with their clients' stated priorities

# Meraki Global Advisors

Whichever way you cut the results of Meraki Global Advisors – by geography, by job function of respondent, or by the type of client – the feedback from its clients is overwhelmingly positive. Logging a decent number of responses in this year’s survey – despite its relatively smaller client base compared with others - Meraki outperforms every category and tops the overall coverage by 55bps. In the two most critical components of an outsourced trading service provider according to our respondents this year – Coverage and Execution – the firm earns standout scores of 9.75 and 9.81, respectively.

Launched in 2019, Meraki describes itself as having “a rebellious determination to deliver conflict-free services to the asset management industry”. The firm explains that over the past 12 months it has seen a big push from global, multi-manager funds looking to outsource, so

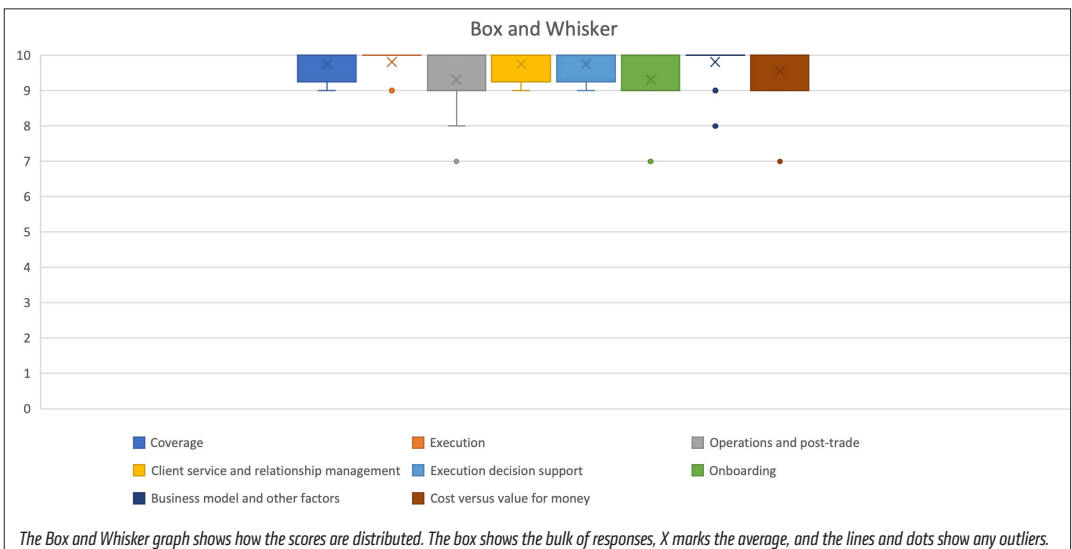
Meraki Global Advisors	Score	Survey average	Difference
Coverage	9.75	9.13	0.62
Execution	9.81	9.31	0.50
Operations and post-trade	9.31	9.04	0.27
Client service and relationship management	9.75	9.33	0.42
Execution decision support	9.00	8.84	0.16
Onboarding	9.31	8.63	0.68
Business model and other factors	9.81	8.81	1.00
Cost versus value for money	9.56	8.78	0.78
<b>OVERALL</b>	<b>9.54</b>	<b>8.98</b>	<b>0.56</b>

they can keep expanding into new strategies. “It’s been hard for funds to find senior, experienced multi-asset traders, so turning to a firm like Meraki where all of our traders have 20+ years of experience, has been a huge relief for funds,” the outfit adds.

The firm received responses from the majority of its clients – most of whom fall within the >\$5 billion AUM bracket – with a mix of hedge funds and those who consider

themselves in the ‘other’ category. Respondents for Meraki hail from all corners of the world, with clients in Asia, Europe and North America – the most positive of all the scores coming from the latter region.

There isn’t a lot of additional colour from the comments section but those short notes that there are, are positive: “the entire team is a pleasure to work with,” says one client, while another notes “solid by reputation”.



# Northern Trust

Northern Trust gained one of the highest numbers of responses to this year's survey, gathering insight from clients in the UK, US and one from Mauritius. The firm has arguably been one of the most vocal advocates of the benefits of outsourced trading, with great efforts to educate the buy-side and market about its offering in recent years. This has evidently paid dividends with 20 new clients joining the platform over the past 12 months – taking Northern Trust over the 100-client mark for its Integrated Trading Solutions business. The firm added that, in 2022, it executed almost \$1 trillion of agency-only consideration across all asset classes for its clients.

The business has also been bolstering its team of late through the additions of Glenn Poulter as global head of brokerage; Amy Thorne as head of integrated trading solutions, EMEA; Stephanie Farrell as head of integrated trading solutions, Americas; and

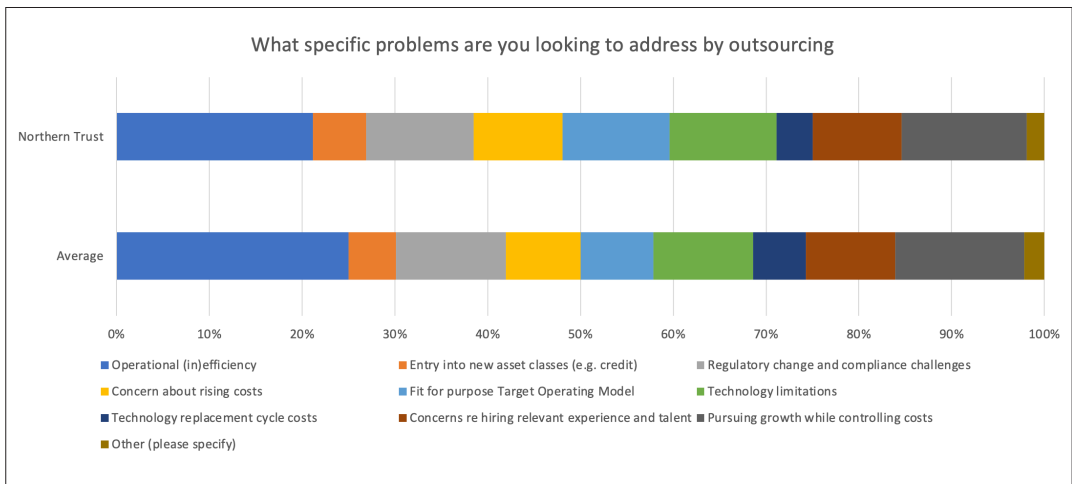
Northern Trust	Score	Survey average	Difference
Coverage	9.35	9.13	0.22
Execution	8.95	9.31	-0.36
Operations and post-trade	8.95	9.04	-0.09
Client service and relationship management	9.38	9.33	0.05
Execution decision support	8.95	8.84	0.11
Onboarding	8.81	8.63	0.18
Business model and other factors	8.52	8.81	-0.29
Cost versus value for money	8.67	8.78	-0.11
<b>OVERALL</b>	<b>8.95</b>	<b>8.98</b>	<b>-0.03</b>

Sonia Davies, appointed as senior relationship manager – some of which were new hires and others moved from different business units of Northern Trust. The business has also collaborated with Abel Noser to provide access to independent fixed income TCA reporting for its clients.

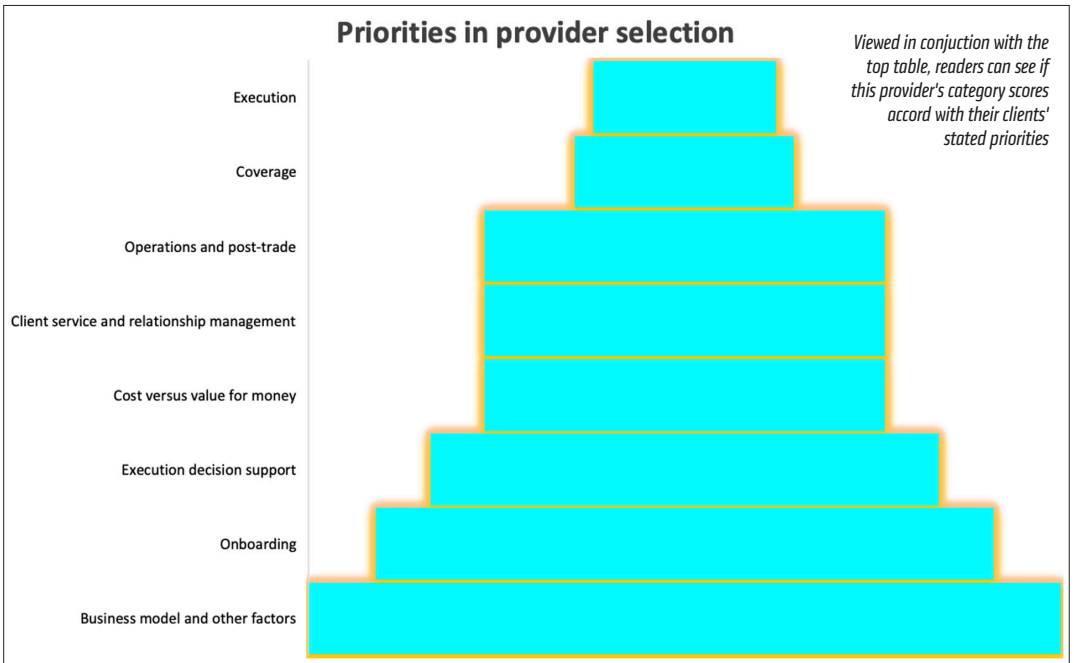
Boasting a large range of clients around the world, Northern Trust has some heavyweight users of its outsourced trading desk with a handful above the \$100 billion in AUM mark. Overall, the organisation

will be pleased with both the feedback and results – coming in just short of the survey average overall but outperforming the benchmark in four of nine categories.

Written input from clients is incredibly positive and detailed. “Cannot say enough about the excellent level of service on the post-trade and settlement side,” says one client, adding “it has been essentially hands-off for the internal team”. Another highlights: “We are fortunate to have a dedicated trader







assigned to us, with a deep bench of traders to assist if needed.”

On the Client Service and Relationship Management side – where Northern Trust outperforms the survey average - another notes: “The relationship team, traders, and settlements team are all excellent to work with.”

Two areas the service provider will likely note are Coverage and Execution - highlighted by respondents across our survey as the most critical components of service providers. For most providers in our survey, the two are quite aligned with both either underperforming the survey average, or neither. For Northern Trust however, it’s a split, as Coverage earns a 9.35 (22bps over the benchmark) while Execution falls just short at 8.95 (36bps under the average).

Overall, Northern Trust outperforms the average in half of the categories and comes in just under the overall survey average. But there are positive scores across the board, in particular Onboarding and Execution Decision Support.

Northern Trust received scores from asset managers, hedge funds and asset owners, who use a full range of service models the business provides. Given its breadth of clients and experience, the thought of the institution when it comes to the outsourced trading space in general are worth taking into account.

“Traditional outsourcing began several decades ago as a move to cut costs; however that is now changing,” Northern Trust states. “Outsourcing is increasingly used to supplement and support asset managers, allowing them to expand into new

asset classes and geographies. An example of this is an existing client, Westwood Holdings Group. Since outsourcing, they have acquired Salient Partners, expanding their trading into new product classes including options, MLPs, and strategies that leverage margin and shorting.”

The firm believes both the M&A seen from fellow service providers and consolidation in the asset management world alike will raise the profile of the whole sector. “We have also observed managers seeking to work with outsourced providers who can offer global footprint and greater balance sheet strength. This is especially true when managers are looking for supplementary support in offshore high-cost locations, such as Singapore or Hong Kong,” the bank states.

# Russell Investments

Russell Investments – like a handful of others in this survey – just meets the threshold for a write-up, so the sample size is fairly small. However, the results we do have are extremely positive. Perfect scores were logged in four categories - Client Service and Relationship Management, Onboarding, Business Model and Other Factors, and Cost Versus Value for Money. Overall, the firm outscores the survey average by 62bps.

Responding to the survey was a combination of asset managers, hedge funds and asset owners – all US-based – who use a combination of models, while some fully outsource and others co-source.

Coverage and Execution come in just below the survey average, with one client noting global trading locations as a reason for a slight markdown.

Only one client leaves comments, but the praise is high, referring to Russell Investments as “the best

Russell Investments	Score	Survey average	Difference
Coverage	9.00	9.13	-0.13
Execution	9.20	9.31	-0.11
Operations and post-trade	9.60	9.04	0.56
Client service and relationship management	10.00	9.33	0.67
Execution decision support	9.00	8.84	0.16
Onboarding	10.00	8.63	1.37
Business model and other factors	10.00	8.81	1.19
Cost versus value for money	10.00	8.78	1.22
<b>OVERALL</b>	<b>9.60</b>	<b>8.98</b>	<b>0.62</b>

team and partner” and “always looking after us and steering us when markets turn”.

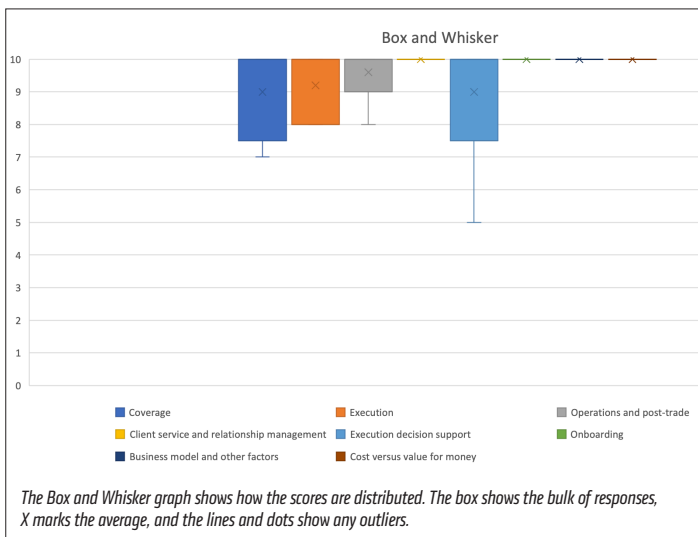
Russell Investments has one of the most interesting client bases within this survey, as the majority are \$10 billion AUM and over, with a significant portion in the category of what we would refer to as large investment managers <\$50 billion.

As the firm elaborates: “Historically (pre-2015), most consumers of outsourced trading

were smaller hedge funds who used the trading resources of their prime brokers. As regulatory and business considerations became more challenging, we saw many traditional asset management firms (long-only active and passive) explore the value of outsourcing. Key considerations were reduction in business expense and regulatory requirements, reduced commissions, and improved execution quality.”

Another interesting nugget is Russell Investments’ take on execution quality. While it points out its importance, the unit states that future-proofing a business is not just their execution needs, but potential middle- and back-office requirements. “To that end, a key development is our partnership with SS&C to be able to provide a full end-to-end solution, even if the focus initially is pure execution,” they note.

That partnership with SS&C provides custom, settlement solutions for its clients as something they can lean on to ensure trades get settled effectively and efficiently, and in light of the complex landscape, around T+1 migration.



# StoneX

StoneX just meets the threshold of response numbers in this year's survey required to receive a full write-up of its scores, so the sample size is fairly limited. Despite this, both scores and written feedback from its hedge fund clients in the US are incredibly positive, to the point where its results are near perfect across the board.

Straight 10.00 scores were received in everything but Cost Versus Value for Money. The commentary goes deeper as StoneX is praised in the Post-Trade Matching and Settlement by one client who says "The operational folks we deal with from the outsourced trader are either #1 best or #2 at worst. Exceeds peers by far," while under Onboarding another respondent notes "Fast and efficient onboarding. Easy switch over." 'Noah' is namechecked as having good communication skills and instinct on the Coverage side of the unit, while another client applauds "highly competent and experienced coverage".

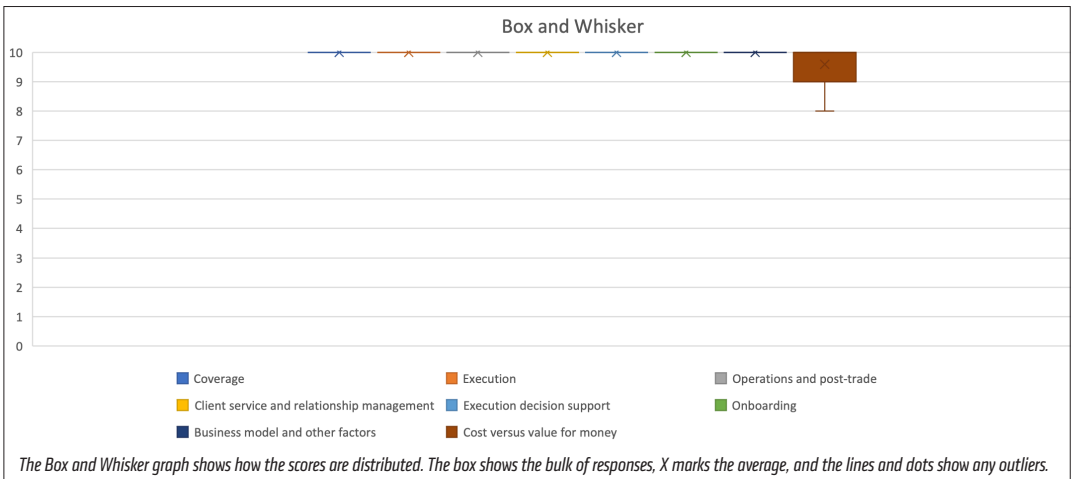
StoneX	Score	Survey average	Difference
Coverage	10.00	9.13	0.87
Execution	10.00	9.31	0.69
Operations and post-trade	10.00	9.04	0.96
Client service and relationship management	10.00	9.33	0.67
Execution decision support	10.00	8.84	1.16
Onboarding	10.00	8.63	1.37
Business model and other factors	10.00	8.81	1.19
Cost versus value for money	9.60	8.78	0.82
<b>OVERALL</b>	<b>9.95</b>	<b>8.98</b>	<b>0.97</b>

StoneX believes that the outsourced trading space is both evolving, growing and well set up for providers in the future. "Given the shift in the economic landscape and where we are positioned in the economic cycle, different types of strategies and fund styles are emerging that haven't been popular in recent years. Many of these are non-equity, cross-asset managers and have a need for services beyond listed products where we are a market leader and have

been pioneering the space for our industry," the firm highlights.

Its clients are mostly under the \$5 billion AUM mark, while StoneX offers a range of models.

StoneX also discussed the widespread acceptance which has occurred and how over the past 12 months the function is being "viewed as more of the golden standard given the compliance and oversight provided by it" while adding that larger firms are turning to outsourced trading.



# TD Cowen

TD Cowen has been one of the trailblazers of the outsourced trading world since its inception through thought leadership and education around the concept. Counting around 200 clients across the US, Europe and Asia of different sizes and objectives, it's fair to say the firm can consider itself an expert on the matter.

For this survey, most of Cowen's respondents were US hedge funds who use a combination of Cowen's range of service models. The firm has been active in the US market for many years so the dominance of hedge funds based in the country is unsurprising; however, we may begin to see a more diverse respondent base in the coming years as Cowen looks to make waves in other regions through full teams that include traders, trading technology specialists, operational support staff and capital introduction personnel.

Recent developments at Cowen have seen the addition of FX and fixed income solutions in recent years, and this has led to the interest of larger organisations who have been looking for a broader range of asset classes. Cowen said it expects a growing

TD Cowen	Score	Survey average	Difference
Coverage	8.95	9.13	-0.18
Execution	8.89	9.31	-0.42
Operations and post-trade	9.21	9.04	0.17
Client service and relationship management	8.68	9.33	-0.65
Execution decision support	8.58	8.84	-0.26
Onboarding	8.53	8.63	-0.10
Business model and other factors	8.74	8.81	-0.07
Cost versus value for money	8.58	8.78	-0.20
<b>OVERALL</b>	<b>8.77</b>	<b>8.98</b>	<b>-0.21</b>

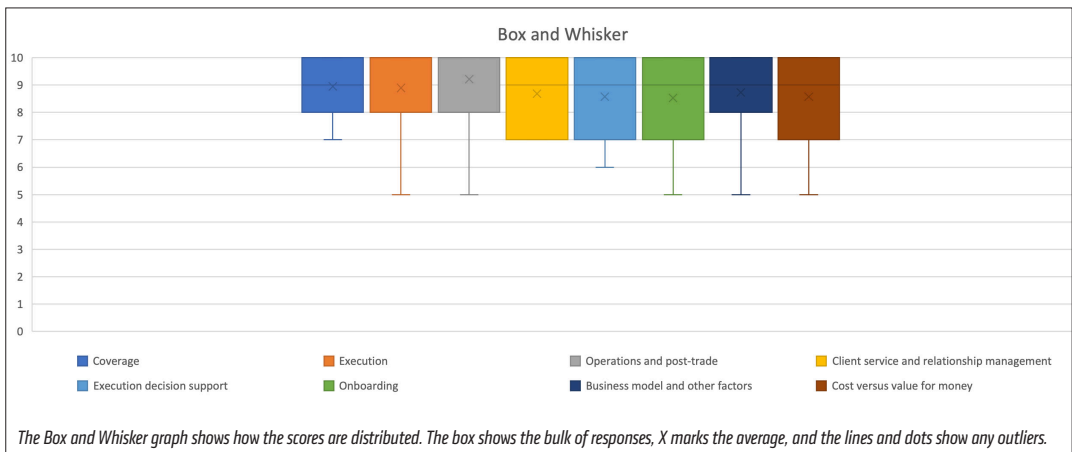
uptake of the services it offers to be driven by both its geographic and asset class coverage in the next few years.

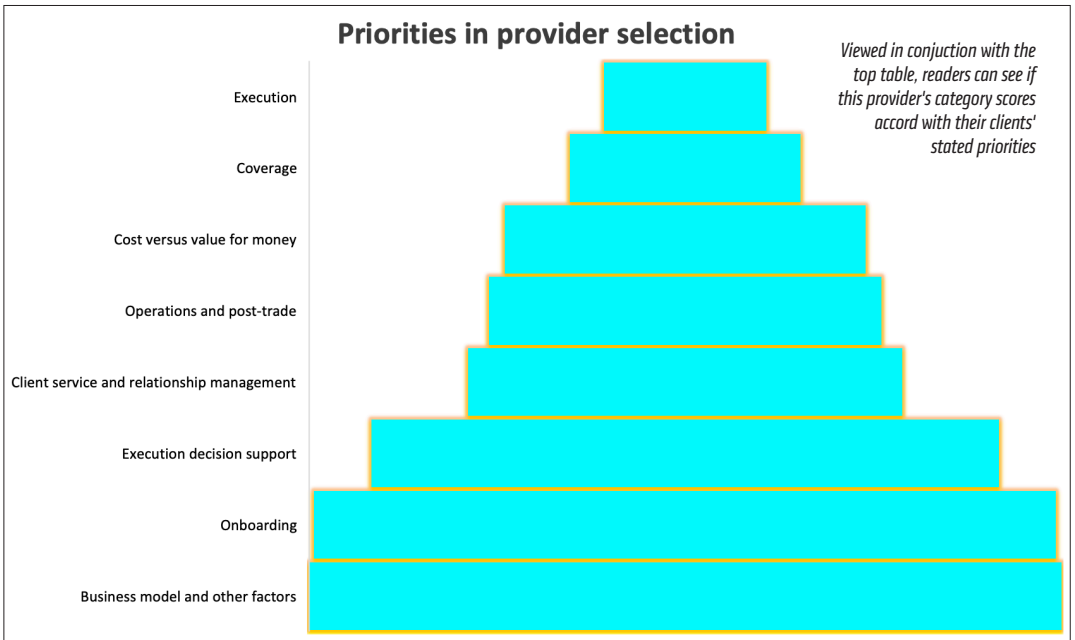
Cowen's results make for interesting reading, especially when coupling them with the written feedback from clients. Though only exceeding the survey average in one category (Operations and Post-Trade) respondents wax lyrical about their provider in their additional comments. The results are about 50/50 a mix of respondents deeming Cowen to be almost perfect and others flagging areas of improvement.

"Tremendous value from a trading

and operations perspective that would be far more expensive to in house," says one respondent, while many others praise coverage, communication and order routing. "A true partner, proactive in helping my business in both good times and challenging times," says another client.

However, when compared to the survey average, Cowen does fall short in a number of categories, most notably on Coverage and Execution, which emerged as the two most critical areas of service across the survey. Client Service and Relationship Management (despite the qualitative



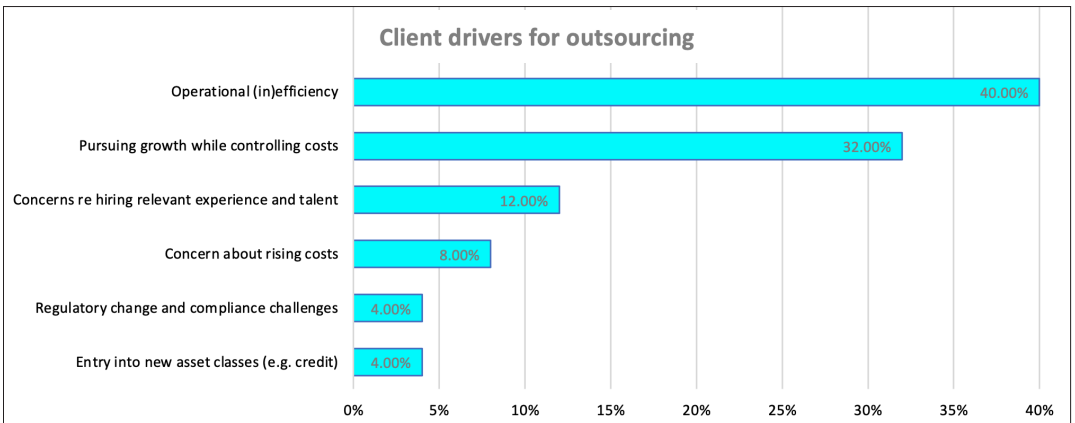


praise) also comes in 65bps under the benchmark.

Cowen sees a couple of trends in the outsourced trading world moving forward. Firstly, the increased focus on operational efficiencies leading to an additional wave of interest –

particularly for larger hedge funds. Secondly, it notes that the mandated separation of commissions and payments for research in some jurisdictions has actually been a driver of the uptake of outsourced trading, and to the extent these rules

get implemented more broadly, they could prove a further benefit to the growth of the market. We should also note that despite the acquisition of Cowen by TD, it does seem as though the outsourced trading unit will be spun off.



*This chart gives a view of the reasons clients of this provider chose to outsource in the first place.*

# TORA

In February 2022 the London Stock Exchange Group (LSEG) announced it had entered into a definitive agreement to acquire trading technology provider, TORA, for \$325 million. Speaking to The TRADE shortly after the deal was announced, group head of trading and banking solutions at LSEG, Dean Berry, said the exchange planned to utilise TORA's extensive outsourced trading business for clients also using its underlying systems.

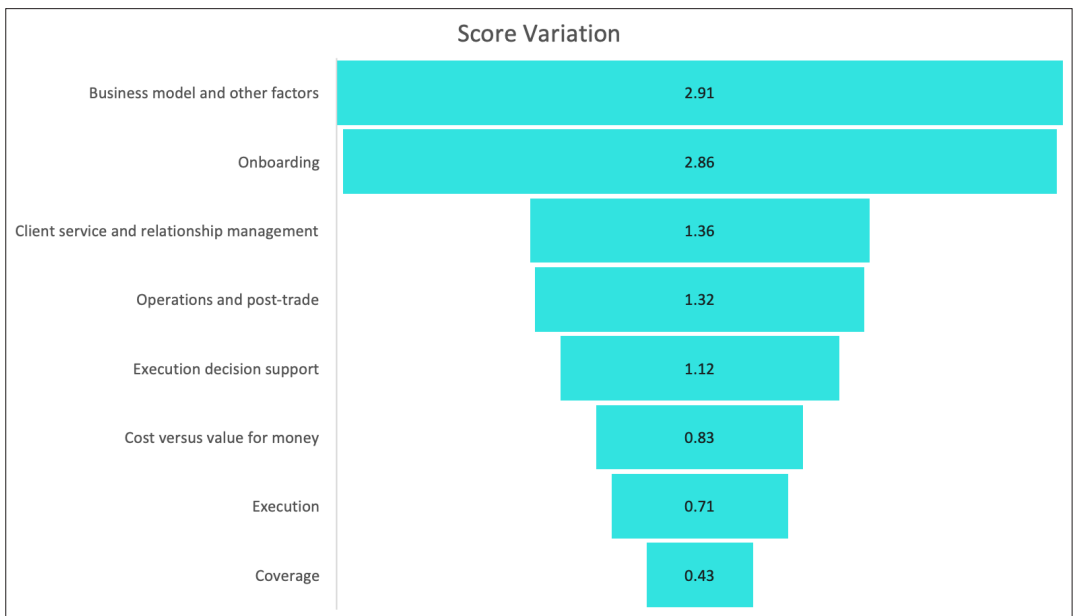
TORA offers an order and execution management system (OEMS) and a portfolio management system (PMS) across equities, fixed income, foreign exchange, derivatives and digital assets trading. As for its outsourced trading services, that is one area which evidently has a happy set of clients.

TORA	Score	Survey average	Difference
Coverage	9.71	9.13	0.58
Execution	9.43	9.31	0.12
Operations and post-trade	9.43	9.04	0.39
Client service and relationship management	9.00	9.33	-0.33
Execution decision support	8.86	8.84	0.02
Onboarding	8.00	8.63	-0.63
Business model and other factors	8.14	8.81	-0.67
Cost versus value for money	9.14	8.78	0.36
<b>OVERALL</b>	<b>8.96</b>	<b>8.98</b>	<b>-0.02</b>

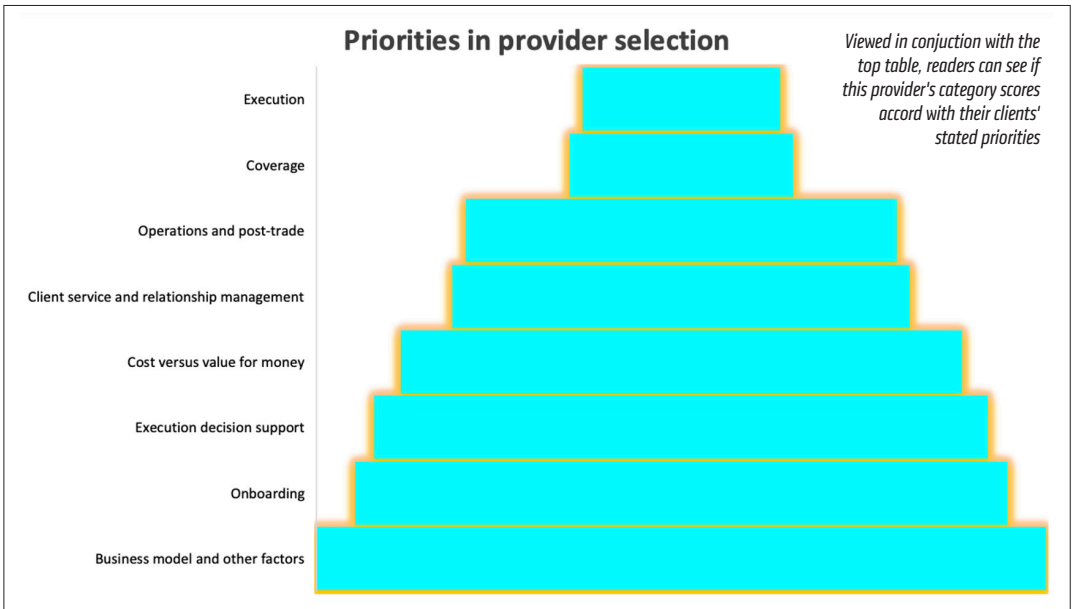
Those who responded to this year's survey span across the US, UK and Asia and comprise mostly of hedge funds, with a single asset manager also filling in the survey.

Scores are positive across the board and exceed the survey average in the categories which clients unanimously deem the most critical

- Coverage and Execution - with the former gaining a standout 9.71 and the latter 9.43. The Coverage score exceeded the average by 58 basis points, while another area of strength for TORA appears to be Operations and Post-Trade where it scores 9.43 – 39bps above the survey benchmark.







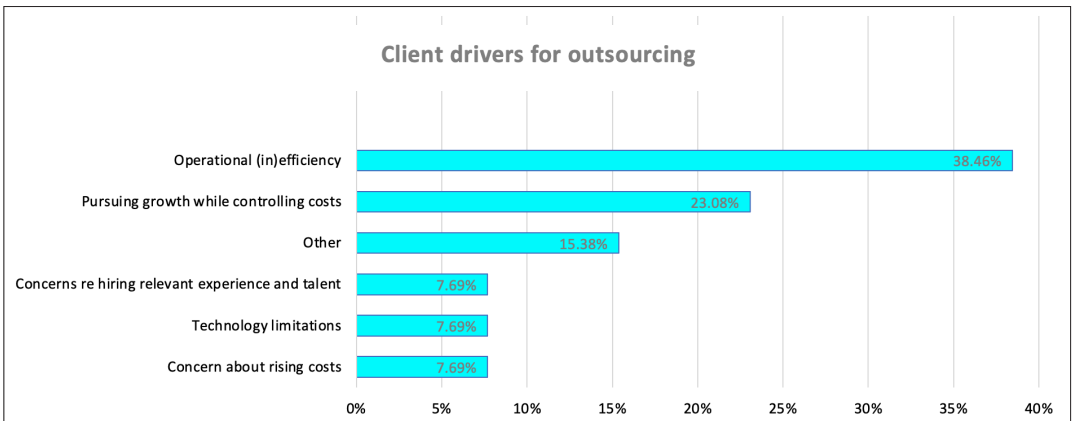
One happy client elaborates on their coverage score adding: “Extremely experienced team with whom I feel comfortable trading my orders” while on execution adding “high quality execution consistently beating VWAP”.

The firm also exceeds the average in Cost Versus Value for Money and

marginally in Execution Decision Support. It falls below the mean in Client Service and Relationship Management, Onboarding and Business Model and Other Factors, the latter two which bring the overall score down just below the survey average.

TORA notes that the LSEG

acquisition will enable it to further differentiate itself “as one of the only technology providers in the space, now with market data, analytics and multi-asset capabilities leveraging the LSEG platform”. The outfit also says it believes further consolidation will occur, while larger institutions are also set to enter the landscape.



This chart gives a view of the reasons clients of this provider chose to outsource in the first place.

# UBS Execution Hub

We feel fairly confident in saying that UBS is the largest outsourced trading provider by number of clients in the market. In fact, even if you split its small and large client segments into two categories, each of those would probably be the biggest itself among the providers in this survey. Therefore, it is no surprise that the bank also received the most responses in this year’s survey from a wide range of asset managers, hedge funds, private banks, wealth managers and a handful of ‘others’ based across Switzerland, London, Germany, the US and beyond (there are too many locations to list). The majority of its clients say they use a range of models provided by UBS.

The bank – like many of its competitors – notes a continuing uptake from larger and more complex buy-side institutions, particularly with respect to contingency trading and co-sourcing. “We have also seen a growing comfort on the buy-side to engage multiple OT desks for

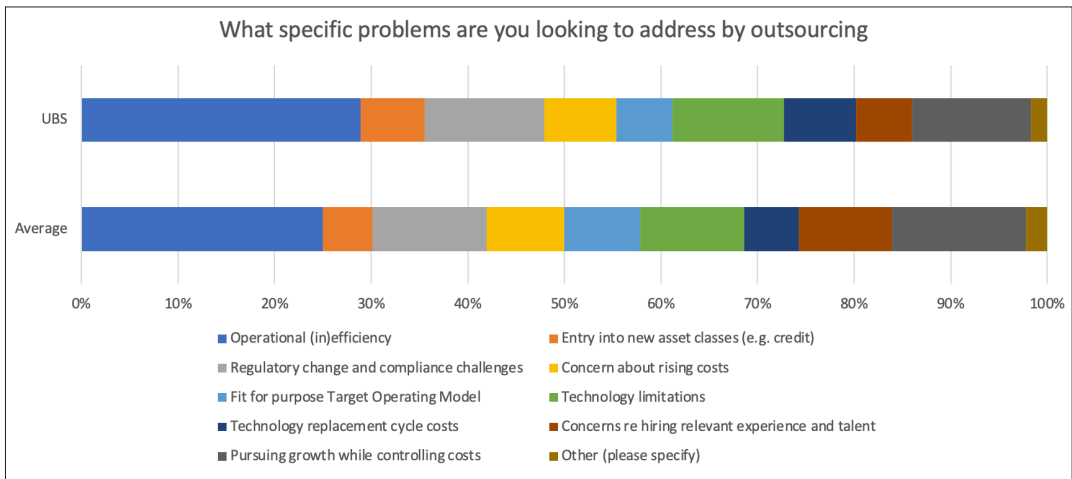
UBS Execution Hub	Score	Survey average	Difference
Coverage	9.02	9.13	-0.11
Execution	9.19	9.31	-0.12
Operations and post-trade	8.78	9.04	-0.26
Client service and relationship management	9.23	9.33	-0.10
Execution decision support	8.70	8.84	-0.14
Onboarding	8.32	8.63	-0.31
Business model and other factors	8.64	8.81	-0.17
Cost versus value for money	8.49	8.78	-0.29
<b>OVERALL</b>	<b>8.80</b>	<b>8.98</b>	<b>-0.18</b>

certain specialties and ancillary benefits such as capital introduction services, content & advisory access, asset class expertise, etc.” UBS notes, the only participant to refer to the concept of clients multiple outsourced trading desks.

As for its own developments, UBS has introduced its first hedge fund and asset management clients domiciled in Asia Pacific and launched listed options to add to its existing global equity and bond product suite. It plans to launch

listed futures and FX products into 2024.

As for the scores, there is a lot to dig into and many takeaways, but let’s start with Coverage and Execution where UBS logs 9.02 and 9.19. These figures may be below the survey average, but digging into the details you see that over half of its clients gave 10.00 scores in both categories, with many leaving positive comments around both attributes of the desk. “Consistent and solid coverage around the





globe,” says one client, while another adds “Quality execution around the globe”.

There are a couple of grumbles about asset class coverage, while one client notes that “automatch for Bondport would be a plus”, but overall the results were plastered with positivity.

The bank also registers a 9.23 score for Client Service and Relationship Management, slightly below the survey average, but two-thirds of its respondents marked a 10.00 on the scorecard. There were a few markdowns from clients around daily contact, out-of-hours service and support, and annual provider review – but it should be noted that the more client responses you have, the more likely you are to receive some negative feedback. There are

client comments aplenty in this field with the phrase “very good” thrown around a few times.

The rest of the UBS scores also fall just below the survey average, with the Operations and Post-Trade category receiving some negative sentiment about trade matching and trade settlement.

UBS’s clients tend to use either an Anonymous Agency/Matched Principal model or a combination of models provided by the service

provider. On a final note, UBS points out that its position as an independent entity within the UBS Investment Banking franchise allows for its clients to seamlessly connect to other services and products across the investment bank. “We view this as a comparative advantage and also expands our asset class remit for certain products Execution Hub does not currently offer - including FX and OTC”, UBS explains.

Location of respondent	
Switzerland	58%
London	10%
US	16%
Europe (exc UK/Switzerland)	12%
UAE	4%

# Winterflood Business Services

Winterflood Business Services (WBS) comes into this year's survey off the back of record volumes and its largest client implementation to-date. On top of this a number of other developments have occurred including the introduction of an International Execution & Custody service through UBS, which WBS says has substantially increased its international coverage and counterparty trading list.

In addition, WBS has rolled out an automated partial fill service for multi settlement orders, increased operational resilience for execution by integration with a second RSP hub and the introduction of a cloud native API-based order routing module allowing unlimited scaling on rebalancing orders for wealth managers.

The list of developments goes on: new sources of liquidity with the introduction of RFQ for single equities as well as ETFs through

WBS	Score	Survey average	Difference
Coverage	8.50	9.13	-0.63
Execution	9.10	9.31	-0.21
Operations and post-trade	7.70	9.04	-1.34
Client service and relationship management	8.20	9.33	-1.13
Execution decision support	6.50	8.84	-2.34
Onboarding	7.50	8.63	-1.13
Business model and other factors	8.20	8.81	-0.61
Cost versus value for money	8.00	8.78	-0.78
<b>OVERALL</b>	<b>7.96</b>	<b>8.98</b>	<b>-1.02</b>

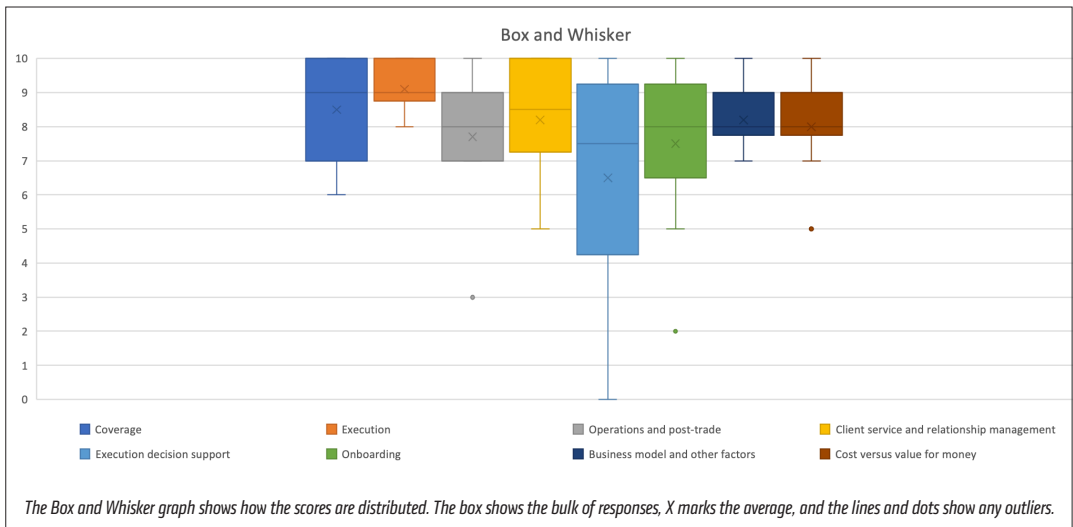
Tradeweb, the use of addressable (tappable) indication of interests to find liquidity away from the exchanges and enhanced execution quality governance to address consumer duty.

Of all the feedback we received from service providers on recently milestones and developments WBS certainly had the longest list, and it also notes that more is to come.

The firm received a strong number

of responses from asset managers and platforms across the UK, but its overall score came in 102 basis points below the survey average, largely brought down by scores in Execution Decision Support and Onboarding. Respondents used either an Anonymous Agency/ Matched Principal, Receipt and Transmission of Orders model, or a combination.

Plenty of feedback was left for the





firm, especially in the comments section where areas of improvements were suggested. These included monitoring and reporting of RFQ availability, accuracy and timeliness of reports, limit order capability/ data sources/ fractional share dealing, assistance with proxy voting and notice of meetings, and awareness of client needs and being more open to discuss issues. Each issue was flagged by a different client.

Execution and Coverage – though below the survey benchmark – did receive high scores, with the majority of WBS’s clients marking it a 9.00 or a 10.00 on the former, which is good news considering the importance placed on these two categories by clients throughout the entire survey.

Ultimately, a handful of categories

brought down the overall score, as Operations and Post-Trade, Client Service and Relationship Management, Onboarding, and Execution Decision Support all came in significantly lower than the average across the survey, though still comfortably within what might be called the “satisfied client” range.

Other written comments were positive with one client noting: “professional/experienced dealing team” and others describing WBS as “excellent” or “very good”. On Operations, one client notes that “improvements are being made”.

WBS gave some great commentary around the outsourced trading space as it relates to UK clients, noting that the ongoing requirements and implementation of Consumer Duty are likely to lead to increased

scrutiny and costs for firms and thus interest in outsourced dealing and custody services.

“WBS play an important role in the distribution chain for retail customer products and delivering good customer outcomes has always been core to our values and central to our business model and strategy,” the firm says. “A cross functional project team is working to deliver the Consumer Duty Implementation Plan with progress across the workstreams and delivery of all associated milestones being tracked via a newly established SteerCo and through updates to the WINS Board.”

The firm seems very engaged with its partners about developments from the FCA and the UK market in general.